



FEDERAL TRADE COMMISSION

[File No. 192 3191]

Opendoor Labs Inc; Analysis of Proposed Consent Order to Aid Public Comment

AGENCY: Federal Trade Commission.

ACTION: Proposed consent agreement; request for comment.

SUMMARY: The consent agreement in this matter settles alleged violations of federal law prohibiting unfair or deceptive acts or practices. The attached Analysis of Proposed Consent Order to Aid Public Comment describes both the allegations in the draft complaint and the terms of the consent order – embodied in the consent agreement – that would settle these allegations.

DATES: Comments must be received on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

ADDRESSES: Interested parties may file comments online or on paper by following the instructions in the Request for Comment part of the **SUPPLEMENTARY**

INFORMATION section below. Please write “Opendoor Labs Inc.; File No. 192 3191”

on your comment and file your comment online at <https://www.regulations.gov> by

following the instructions on the web-based form. If you prefer to file your comment on

paper, mail your comment to the following address: Federal Trade Commission, Office of

the Secretary, 600 Pennsylvania Avenue NW, Suite CC-5610 (Annex D), Washington,

DC 20580, or deliver your comment to the following address: Federal Trade Commission,

Office of the Secretary, Constitution Center, 400 7th Street SW, 5th Floor, Suite 5610

(Annex D), Washington, DC 20024.

FOR FURTHER INFORMATION CONTACT: Matthew Wilshire (214-979-9362),

Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue

NW, Washington, DC 20580.

SUPPLEMENTARY INFORMATION: Pursuant to section 6(f) of the Federal Trade Commission Act, 15 U.S.C. 46(f), and FTC Rule 2.34, 16 CFR 2.34, notice is hereby given that the above-captioned consent agreement containing a consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of 30 days. The following Analysis to Aid Public Comment describes the terms of the consent agreement and the allegations in the complaint. An electronic copy of the full text of the consent agreement package can be obtained at <https://www.ftc.gov/news-events/commission-actions>.

You can file a comment online or on paper. For the Commission to consider your comment, we must receive it on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Write “Opendoor Labs Inc.; File No. 192 3191” on your comment. Your comment—including your name and your state—will be placed on the public record of this proceeding, including, to the extent practicable, on the <https://www.regulations.gov> website.

Because of heightened security screening, postal mail addressed to the Commission will be subject to delay. We strongly encourage you to submit your comments online through the <https://www.regulations.gov> website.

If you prefer to file your comment on paper, write “Opendoor Labs Inc.; File No. 192 3191” on your comment and on the envelope, and mail your comment to the following address: Federal Trade Commission, Office of the Secretary, 600 Pennsylvania Avenue NW, Suite CC-5610 (Annex D), Washington, DC 20580.

Because your comment will be placed on the publicly accessible website at <https://www.regulations.gov>, you are solely responsible for making sure your comment does not include any sensitive or confidential information. In particular, your comment should not include sensitive personal information, such as your or anyone else’s Social Security number; date of birth; driver’s license number or other state identification

number, or foreign country equivalent; passport number; financial account number; or credit or debit card number. You are also solely responsible for making sure your comment does not include sensitive health information, such as medical records or other individually identifiable health information. In addition, your comment should not include any “trade secret or any commercial or financial information which . . . is privileged or confidential”—as provided by Section 6(f) of the FTC Act, 15 U.S.C. 46(f), and FTC Rule 4.10(a)(2), 16 CFR 4.10(a)(2)—including competitively sensitive information such as costs, sales statistics, inventories, formulas, patterns, devices, manufacturing processes, or customer names.

Comments containing material for which confidential treatment is requested must be filed in paper form, must be clearly labeled “Confidential,” and must comply with FTC Rule 4.9(c). In particular, the written request for confidential treatment that accompanies the comment must include the factual and legal basis for the request and must identify the specific portions of the comment to be withheld from the public record. *See* FTC Rule 4.9(c). Your comment will be kept confidential only if the General Counsel grants your request in accordance with the law and the public interest. Once your comment has been posted on the <https://www.regulations.gov> website—as legally required by FTC Rule 4.9(b)—we cannot redact or remove your comment from that website, unless you submit a confidentiality request that meets the requirements for such treatment under FTC Rule 4.9(c), and the General Counsel grants that request.

Visit the FTC Website at <https://www.ftc.gov> to read this document and the news release describing the proposed settlement. The FTC Act and other laws the Commission administers permit the collection of public comments to consider and use in this proceeding, as appropriate. The Commission will consider all timely and responsive public comments that it receives on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. For information on the

Commission's privacy policy, including routine uses permitted by the Privacy Act, see <https://www.ftc.gov/site-information/privacy-policy>.

Analysis of Proposed Consent Order to Aid Public Comment

The Federal Trade Commission ("Commission") has accepted, subject to final approval, an agreement containing a consent order from Opendoor Labs Inc. ("Opendoor" or "Respondent"). The proposed consent order has been placed on the public record for 30 days for receipt of comments from interested persons. Comments received during this period will become part of the public record. After 30 days, the Commission will again review the agreement and the comments received and will decide whether it should withdraw from the agreement and take appropriate action or make final the agreement's proposed order.

This matter involves Respondent's home-buying service. Respondent offers to buy consumers' homes directly as an alternative to listing those homes for sale on the market. In advertisements, on its website, and in its offers to purchase homes, Respondent has represented that: 1) its offers reflect Opendoor's best estimate of the home's market value, with no adjustments to that amount; 2) the costs associated with a sale to Opendoor are generally lower than costs associated with traditional sales; and 3) the vast majority of consumers who sell their homes to Opendoor will make substantially more than if they sold traditionally.

The complaint alleges that, in fact, Opendoor reduced its offers below what it believed to be the homes' market value, costs associated with Opendoor sales were higher than typical costs in a traditional sale, and most consumers who sold to Opendoor lost thousands of dollars compared to what they would have made in a traditional sale. The complaint therefore alleges that Respondent violated Section 5(a) of the FTC Act by making false and unsubstantiated claims that consumers were likely to realize more money selling their homes to it than they would realize in traditional sales, including by

misrepresenting that: 1) Opendoor's offers reflect its unadjusted assessment of a home's market value; 2) Opendoor does not make money from "buying low and selling high"; 3) the costs of repairs it demands a seller make or pay for would be likely the same as what they would pay in a traditional sale; and 4) consumers would pay less in costs by selling to Opendoor than what they would pay in a traditional sale.

The proposed order contains provisions designed to prevent Respondent from engaging in the same or similar acts or practices in the future. It applies to the marketing of any "Real-Estate Service," defined as "any product or service designed to assist a consumer in selling a home, including Respondent purchasing homes from consumers." It does not apply to titling services, which are not relevant to the allegations in the complaint.

Part I.A of the order prohibits Respondent from misrepresenting: 1) that consumers will receive more money using a Real Estate Service than they would using a different good or service; 2) that consumers will save money; 3) that consumers will receive a price for their homes equivalent to what they would likely receive by listing their homes on the market; 4) the amount of repair costs consumers will pay; 5) that consumers will save money on repair costs; 6) that any offer to purchase a consumer's home is an accurate and unbiased projection of that home's market value; and 7) that the person or persons offering any good or service do not expect to make money from reselling homes.

Part I.B prohibits Respondent from making any representation about the costs of selling a home traditionally unless the representation is non-misleading and Respondent has competent and reliable evidence to substantiate that the representation is true. Part I.C prohibits Respondent from making any representation about the costs, savings, or financial benefit of a Real-Estate Service unless the representation is non-misleading and Respondent has competent and reliable evidence to substantiate that the representation is true.

Parts II and III require Respondent to pay to the Commission \$62,000,000 and describes the procedures and legal rights related to that payment. Part IV requires Respondent to provide customer information to enable the Commission to administer consumer redress.

Part V requires Respondent to submit an acknowledgement of receipt of the order, and to distribute a copy of the order to: (1) all principals, officers, directors, and LLC managers and members; (2) all employees having managerial responsibilities for Real Estate Services; and (3) any business entity resulting from a change in corporate governance. It also requires Respondent to obtain acknowledgements from each individual or entity to which a Respondent has delivered a copy of the order.

Part VI requires Respondent to file a compliance report with the Commission and to notify the Commission of bankruptcy filings or changes in corporate structure that might affect compliance obligations. Part VII contains recordkeeping requirements for accounting records, personnel records, and advertising and marketing materials related to Real-Estate Services, as well as all records necessary to demonstrate compliance with the order. Part VIII contains other requirements related to the Commission's monitoring of Respondent's order compliance. Part IX provides the effective dates of the order, including that, with exceptions, the order will terminate in 20 years.

The purpose of this analysis is to facilitate public comment on the order, and it is not intended to constitute an official interpretation of the complaint or order, or to modify the order's terms in any way.

By direction of the Commission.

Joel Christie,

Assistant Secretary.

